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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Implementation of Section 19)
of the Cable Television)
Consumer Protection and)
Competition Act of 1992)

CS Docket No. 94-48

Annual Assessment of the)
Status of Competition in the)
Market for the Delivery of)
Video Programming)

To: The Commission

REPLY COMMENTS OF PRIMESTAR PARTNERS L.P

PRIMESTAR Partners L.P. ("PRIMESTAR"), by its attorneys and pursuant to Section 1.415 of the Commission's Rules (47 C.F.R. § 1.415), hereby submits these Reply Comments in response to certain Comments received by the Commission in connection with its Notice of Inquiry ("NOI"), released in the above-captioned proceeding on May 19, 1994.¹

I. Introduction

In these Reply Comments, PRIMESTAR seeks to respond to an improperly raised issue and two misstatements made in the Comments of certain other parties filed on June 29, 1994.

¹ FCC 94-119, released May 19, 1994.

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II. Exclusivity Agreements

Several commenters took the NOI as an opportunity to criticize exclusivity agreements between programmers, cable operators and certain other providers of DBS or DTH Service ("Exclusivity Agreements").² The propriety of Exclusivity Agreements is before the Commission in an ongoing proceeding,³ and the Commission has asked that interested parties limit their comments in the NOI to issues not being considered in other proceedings.⁴ Raising these issues again in this NOI duplicates effort and misuses the Commission's resources.

III. Direct-to-Home Satellite Services.

One commenter states that the PRIMESTAR service is "merely an add-on to local cable systems." Comments of DIRECTV, p. 13. PRIMESTAR fails to understand the significance or the import of this comment. As PRIMESTAR stated in its comments, although its present distributors currently are cable system operators, approximately 9 out of 10 of PRIMESTAR's current subscribers are located outside areas served by cable, and PRIMESTAR's initial primary marketing focus will be in areas not passed by cable or wireless cable. Comments of PRIMESTAR, p. 4. Although PRIMESTAR contemplates initially targeting a market significantly different than that served by local cable systems (due to both the latest

² See, e.g. Comments of National Rural Telecommunications Cooperative, p. 23; Comments of DIRECTV, pp. 8-9.

³ MM Docket No. 92-265.

⁴ Paragraph 29 of the NOI, and footnote 11 thereto.

consumer demand and the more favorable economics of satellite direct-to-home delivery in these areas), it nonetheless anticipates that its service will be available to subscribers in all areas.

IV. TCI "HEADEND IN THE SKY"

DIRECTV criticizes PRIMESTAR's uplinking arrangement with TCI, Comments on DIRECTV, pp. 7-8, and states that PRIMESTAR "is now part of TCI's 'headend in the sky'". Comments of DIRECTV, p. 13. Again, PRIMESTAR fails to appreciate the point of this criticism. As DIRECTV notes, TCI's National Digital Television Center is an uplink facility. PRIMESTAR has chosen TCI to provide it with uplinking services; however, PRIMESTAR's agreement to obtain such services from TCI neither precludes others from obtaining similar uplinking services, nor restricts PRIMESTAR in the development of any business it wishes to pursue.

Respectfully submitted,

PRIMESTAR PARTNERS L.P.

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July 29, 1994

CERTIFICATE OF SERVICE

I, Laura Holt Jones, hereby certify that on this 29th day of July, 1994, a true and correct copy of the foregoing "**REPLY COMMENTS OF PRIMESTAR PARTNERS L.P.**" was sent via U.S. first-class mail, postage prepaid, or hand delivered, to the names on the attached list.


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